Distr.
GENERAL

IDB.16/19
16 October 1996

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

Industrial Development Board

Sixteenth session
Vienna, 20-22 November 1996
Item 8 of the provisional agenda

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FIELD REPRESENTATION

UNIDO field representation

Report by the Director-General

Summary

Describes the current field representation programme and proposes a new framework for the programme after 1997.

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Distr.: 21 October 1996

Introduction

1. In its decision IDB.15/Dec.8, the Industrial Development Board took note with concern of the current financial difficulties facing UNIDO in continued implementation of the field representation programme as outlined in document IDB.15/12 and Corr.1, emphasized the importance of the UNIDO field presence in the developing countries, and urged all Member States, on a voluntary basis, to make all possible efforts to increase contributions in support of this programme.

2. The Board requested the Director-General to continue to implement General Conference resolution GC.6/Res.3, especially paragraphs 2 (a) and 2 (c), requesting him: (a) to consider that the sustainability of the field representation programme could be secured only through the combination of financing from various sources, including the regular and operational budgets, the United Nations Development Programme, as well as donor and host country contributions; (b) to improve the harmonization and simplification of procedures for UNIDO Country Director offices and coordination between Headquarters and the field; (c) to take into account, in the implementation of the UNIDO Country Director programme, the special needs of the least developed countries (LDCs) and the possibility of clustering the UNIDO field offices; and (d) to ensure UNIDO cooperation to work for the effective planning and implementation of activities in the field within the United Nations system in consultation with the Resident Coordinator with a view to attaining a more unified field representation. The Board also requested the Director-General to report to the Industrial Development Board at its sixteenth session on the implementation of that decision.

3. At a time when the demand for UNIDO services is increasing, the UNIDO field representation programme is severely hampered by financial uncertainties due to the discontinuation of United Nations Development Programme (UNDP) sectoral support funding at the end of 1997 as well as negative growth in UNIDO regular budget resources. Acknowledging the new financial realities, a new approach is required with a view to developing a field representation system that is sustainable within a realistic resource scenario. It is proposed to reorient UNIDO field representation towards coverage on a subregional basis, coupled with adjustments in functions and resource endowments. The present document provides information on the current status of the UNIDO field representation programme and sets out an outline of the proposed change towards a subregional structure, expected to come into operation in 1998.

I. CURRENT STATUS OF THE FIELD REPRESENTATION PROGRAMME

4. As of 31 July 1996, UNIDO maintained 40 field offices covering Africa (14 field offices), Arab States (4 field offices), Asia and the Pacific (9 field offices), Europe and the Newly Independent States of the former Soviet Union (NIS) (2 field offices) and Latin America and the Caribbean (11 field offices). The staff structure of the UNIDO field offices by region is shown in table 1 below.

Table 1. Staff structure of UNIDO field offices

(as of 31 July 1996)

Region	No. of offices	Staff				
		UCD	UND	JPO/AE[a]	NPO	GS
Africa	14	12	0	21	1	27
Arab States	4	3	0	2	1	7
Asia and Pacific	9	6	1	18	3[b]	19
Europe and NIS	2	0	0	3	1	4
Latin America and the Caribbean	11	5	0	12	2[c]	18
Total	40	26	1	56	8	75

[a]Indicates Junior Professional Officers/Associate Experts who are posted either in countries where a UNIDO Field Office is located or in countries of coverage.

[b]Includes an Industrial Development Adviser.

[c]Includes a Programme Officer.

5. Of the 40 UNIDO field offices, 21 also covered some of the neighbouring countries. Such coverage is normally secured through regular missions undertaken by the respective UNIDO Country Director (UCD). As of 31 July 1996, 26 field offices were headed by UCDs, one by a UNIDO National Director (UND), six by National Programme Officers (NPOs) and five by Junior Professional Officers (JPOs). Two offices had no Professional staff assigned at that date. The present average structure of a UCD office consists of a UCD and two General Service staff members. It is obvious that such a limited staffing is not satisfactory to ensure an adequate and efficient "*in situ*" response to the growing support requirements of developing countries.

6. With the cessation of funding from UNDP sectoral support at the end of 1997, the provision of regular and operational budget resources in 1998-1999 at the current biennium levels will not be sufficient to fund the current field office coverage.

7. The Director-General has continued to solicit host country contributions towards local office costs and has met with encouraging response. As of 31 July 1996, 26 host countries—of which six were LDCs—had either contributed in kind or in cash towards the local office costs or indicated willingness to undertake a commitment. No response has been received to the call for voluntary contributions towards the funding of field offices from the donor community.

II. REORIENTATION OF THE UNIDO FIELD REPRESENTATION PROGRAMME TOWARDS SUBREGIONAL OFFICES

8. The Organization has been requested repeatedly by Member States to concentrate its efforts on enhancing its field representation programme, *inter alia*, through clustering of offices or by establishing regional or subregional offices. In view of the limited funding expected to be available starting in 1998, it is proposed to reorient the UNIDO field representation programme towards a subregional coverage, the main elements of which are described below. The rationale is to enable UNIDO to build up effective field teams that would be able to cover a wider range of functions and services, while optimizing the use of limited resources through concentration on fewer but larger field offices. This new approach will have to be developed within the constraints of a zero real growth budget.

A. Overall approach

9. The new concept for UNIDO field representation is based on the principle of a network of two interconnected layers of coverage: subregional offices and national focal points. The subregional offices would be organized as multi-service providers for clusters of countries in various subregions. The staff teams in these offices would be able to effectively and promptly respond to the demands for and requirements of services in the countries of coverage. Their functions would significantly differ from those of field representation staff under the current system. Details of these functions are provided in paragraphs 12 and 13 below.

10. To ensure an effective coverage of the countries in each subregion, the subregional offices must be interconnected with national focal points in individual countries, which should normally be attached to suitable public or private local entities and would report to the UCD of the respective subregional office. In principle, national focal points could be located in Investment Promotion Service (IPS) offices where they exist, the Industrial and Technological Information Bank (INTIB) focal points, chambers of commerce, industrial associations, development finance institutions or any other suitable local entity designated by the respective Government.

11. Junior Professional Officers and Associate Experts would be assigned to the subregional offices and to individual countries. They would assist the Professional-level staff in the subregional office and, in the countries of coverage, work together with the national focal points.

B. Key functions

12. The counterparts for UNIDO services have become increasingly heterogeneous. Today, UNIDO works more closely with the private sector, *inter alia*, through industry associations and chambers and industry-related non-governmental organizations (NGOs). Also, within Governments, various departments deal with industrial development at the central and provincial levels, partly as a result of strong decentralization moves. At the same time, the funding agencies for UNIDO services—following the drastic decline in UNDP funding—have significantly diversified. Accordingly, UNIDO field offices have to move away from their traditional emphasis on coordination, monitoring and representation functions, and concentrate on activities ranging from proactive promotion of UNIDO services to country-level funds mobilization, provision of information services directly to host country entities and direct support to technical cooperation.

13. In the new framework, the main functions of staff in subregional offices will include:

(a) Active programming and programme development through analysing industrial trends and issues in the countries concerned, and proposing concepts for effective technical cooperation programmes in line with country demands and UNIDO priorities;

(b) Promotion of contacts with potential bilateral and multilateral donors and regional financial institutions to mobilize funds at the level of the recipient countries for financing UNIDO services;

(c) Selective implementation of technical cooperation projects;

(d) Direct provision of advisory services to private and public support institutions dealing with industry and industry-related activities.

14. Accordingly, subregional offices will require adequate staffing. The current structure of field offices with a UCD covering one or more countries is insufficient to meet the new challenges and respond promptly to the requests and needs of the countries concerned. In the face of a greater variety of tasks assigned to the field offices, the future UNIDO subregional office will be staffed by a team of international and local experts. It will be headed by a UCD, who will be assisted by a professional officer (preferably at the P-3/4 level), an NPO to be provided by the host country, a JPO or Associate Expert to be financed from donor Governments, and three General Service-level staff members. It should be noted that the proposed team constitutes minimum requirements and could be enlarged through further contributions from host or donor Governments.

C. Geographical coverage

15. Ideally, but not exclusively, the subregional field offices should cover groups of countries with similar industrial structures and development requirements. Similarities in levels of industrialization, economic and social structures, and institutional environment suggest the adoption of similar industrial strategies and supporting technical cooperation programmes in those countries that share those attributes.

16. However, for the purpose of field coverage, it would not be possible to always cluster countries on the basis of the above-mentioned aspects. Among the most important additional criteria that are relevant for the selection of host countries for subregional offices, the following will receive particular attention:

(a) Interest expressed by host country Governments and the degree of commitment to contribute to local office costs (in kind and/or in cash);

(b) A political environment that is conducive to efficient functioning of the field offices in the countries covered by them;

(c) Present scope and potential growth of UNIDO programmes in the country;

(d) Geographical proximity to subregional trade groupings or other institutions, e.g. development finance institutions, regional commissions and other organizations that are likely to become involved as partners in UNIDO programmes;

(e) Availability of infrastructure, such as travel and communications facilities, crucial for discharging the functions of the office.

D. Financial sustainability

17. If the financial assumptions described in the following paragraphs are realized, UNIDO expects to establish 20 solid and sustainable subregional offices in Africa, Asia and the Pacific, Latin America and the Caribbean and in the Arab region. In the final selection of clusters, particular attention will be given to the requirements of least developed countries, the majority of which are located in Africa. More definite proposals on the number of subregional offices in individual regions would be developed in due course.

18. Within the limits of zero real growth budgets, UNIDO resources that are expected to become available for field representation in the 1998-1999 biennium would be equivalent to those available in the 1996-1997 biennium, i.e. $4.3 million from the regular budget and $5.6 million from the operational budget. In addition, host Government contributions in cash and in kind towards local operating costs, valued at $600,000 for the current biennium, are expected to double in the 1998-1999 biennium. Funds from UNDP will no longer be available and voluntary contributions from donor Governments cannot be assumed.

19. Given the expected volume of financial resources from both the operational and regular budgets, the implementation of the subregional structure of UNIDO field representation as described above will be feasible only if:

(a) Host countries significantly contribute towards local office costs;

(b) Donor countries finance a sufficient number of JPOs and Associate Experts;

(c) Recipient countries provide National Programme Officers and focal point arrangements free of charge;

(d) A number of Professional posts and staff are redeployed from UNIDO Headquarters to the field.

20. Under these conditions, the Organization could sustain 20 subregional field offices.

21. More specifically, UNIDO would have to concentrate resource negotiations on the following strategies:

(a) Host countries should increase their contributions in cash and kind to one third of local operating costs of the subregional office;

(b) Host countries will be requested to finance a National Programme Officer and at least one General Service-level post;

(c) Donor countries as well as some of the more advanced recipient countries will be requested to increase the funding for JPOs and Associate Experts. In this context, UNIDO will also target non-traditional donor Governments that have not so far provided these types of contributions;

(d) Focal point offices in the countries of coverage—irrespective of individual arrangements—will have to be self-financed without constituting an additional financial burden on the UNIDO field representation programme.

E. Performance incentives and decentralization of authority

22. To enable the field offices to become increasingly self-supporting, UNIDO intends to introduce an incentive mechanism coupled with increasing decentralization of programming and financial authority, which would encourage good performers. This mechanism will be based primarily on individually established targets for programme development by each office, and could eventually result in the partial retention of the income earned from programmes developed above the target levels. Furthermore, authority would be delegated to field offices to utilize such resources for future programme development. The introduction of the new incentive scheme—coupled with increased authority at the level of the UCD—is expected to enhance the performance, effectiveness and efficiency of field representation.

F. Additional measures

23. **Career development**. In order to promote a better integration of field staff with Headquarters and ensure the development of career perspectives, previous field assignments will be considered favourably by the Appointment and Promotion Board. Field experience will be essential, particularly in the case of promotions from P-4 to P-5 and from P-5 to D-1; UNIDO will develop a rotation scheme that will promote field assignments of staff from Headquarters and ensure adequate reintegration of international field staff to Headquarters. UNIDO also intends to undertake the necessary measures to eliminate any distinction in the status between Headquarters staff and international staff assigned to the field.

24. **UCD profile**. Despite the present budget restrictions, UNIDO will undertake a targeted training and retraining programme to ensure that its field staff are better suited to the demanding requirements of the new UCD profile. A special "field induction programme" will be established for Headquarters staff before redeployment to the field.

25. **Field coordination**. Regional Directors will be responsible for the overall supervision of the respective UCD offices and national focal points. However, the incumbent UCDs will perform the day-to-day liaison function with national focal points which will be established, based on full cost coverage by host countries, to ensure an optimal geographical coverage.

26. **Field representation manual**. Upon approval by Member States of the present proposal UNIDO will develop a field representation manual which will provide a detailed elaboration of the new UCD profile, its functions and those of the national focal points, its linkage with Headquarters and overall supervision by the regional bureaux. The manual will also establish the coordination required with other UNIDO offices in the field such as the IPS offices. The new UNIDO field representation manual will give special emphasis to the decentralization of authority to UCDs.

III. ACTION REQUIRED OF THE BOARD

27. The Board may wish to consider the information provided in the present document and make appropriate recommendations to strengthen UNIDO field representation. Specifically, the Board may wish to request the Director-General: (a) to develop, in consultation with Member States, a specific proposal for country coverage and location of subregional field offices; (b) to gradually implement the new approach over the next two years; and (c) to make appropriate provisions in the proposed 1998-1999 biennium programme and budgets that would enable further redeployment of posts to the field.